

John Shortsleeve, Attorney at Law
70 Bailey Blvd., Haverhill, MA 01830 (978) 352 9099

November 12, 2004

Mary L. Cottrell, Secretary
Dept. Telecommunications and Energy
One South Station, 2nd floor
Boston, MA 02110

Re: DTE 04-65 Cambridge Streetlight Dispute

Dear Secretary Cottrell,

We are enclosing for filing, 1 original and four copies, of the first set of information requests to the Company, prepared by the City of Cambridge with respect to the above captioned proceeding.

Sincerely,

John Shortsleeve
Attorney for the City of Cambridge

CC: William Stevens, Legal Division
Sean Hanley, Rates and Revenue Requirements Division
James Byrnes, Rates and Revenue Requirements Division
Mark Barrett, Rates and Revenue Requirements Division
David Rozenswieg, Esq.
Jack Habib, Esq.

John Shortsleeve, Attorney at Law
70 Bailey Blvd., Haverhill, MA 01830 (978) 352 9099

November 12, 2004

Mr. David Rosenzweig, Esq.
Keegan, Werlin & Pabian
265 Franklin St.
Boston, MA 02110-3113

Dear Mr. Rosenzweig,

Please see the attached set of discovery questions submitted by the City of Cambridge regarding the streetlight dispute docketed as DTE 04-65.

As you know the City has consented to the Company's request to extend the procedural schedule, which now calls for the submission of discovery questions on December 3, 2004, and a deadline for responding to those discovery questions two weeks later on December 17, 2004.

We are submitting the attached discovery questions earlier than the December 3, 2004 deadline, and to the extent possible, we request that you respond to any questions that you can, prior to the December 17 deadline. Some of the attached questions will require the attention and analysis of your principal witness, Ms. Christine Vaughan, and others will not. For example, questions 1, 2 and 3 simply request that you provide us with copies of existing documents. There are several questions that do not request any analysis, but simply request accounting information that may be collected and provided by any member of your accounting staff. To the extent possible, we request that you provide responses as soon as possible.

Sincerely,

John Shortsleeve
Attorney for the City of Cambridge

First Set of Information Requests of
City of Cambridge
Docket DTE 04-65

The City of Cambridge hereby submits to Cambridge Electric the following information requests with respect to the above captioned matter.

Request for Documents

- 1) Please provide Exhibits NSTAR-1 and NSTAR-2 in electronic spreadsheet form, including all formulae and links to other spreadsheets from which the Exhibits were prepared.
- 2) Please provide in electronic form (including all formulae) all other spreadsheets on which the spreadsheets for Exhibits NSTAR-1 and NSTAR-2 rely.
- 3) Please provide the Company's most recent depreciation study and the supporting work papers related to streetlights.

Questions related to Exhibits CAM 3, CAM 4 and CAM 5

- 4) Please refer to the 62 separate annual listings of gross plant balance values in CAM 3, page 1 of 2, column 6, beginning with the starting balance of \$376,009 at the beginning of 1942 and ending with the \$3,795,701 in 2002. Please confirm that these are the gross plant value balances recorded on the Company's books at year end.
- 5) Please provide the average gross plant balance for streetlights for each year 1942 through 2002.
- 6) Please confirm that the Company method for calculating annual streetlight depreciation requires that you multiply the average gross plant balances for streetlights in any given year by the streetlight specific depreciation rates in that year.
- 7) Please refer to the annual depreciation rates listed in column 6 of Exhibit CAM 5. Please confirm that the Company used the same streetlight specific depreciation rates listed in Exhibit CAM 5 to calculate annual streetlight depreciation expense. If there is any deviation from the depreciation rates listed in Exhibit CAM 5 and the depreciation rates used by the Company, to calculate annual depreciation expense, please provide the depreciation rates used by the Company and explain any such deviation from the depreciation rates listed in Exhibit CAM 5.

- 8) Please refer to the annual depreciation expense listed in column 7 of Exhibit CAM 5. Please confirm that the Company calculated the same annual streetlight depreciation expense for each year since 1942. If there is any deviation from the depreciation expenses listed in Exhibit CAM 5 for each year since 1942 and the annual streetlight depreciation expenses calculated by the Company, please provide the annual depreciation expenses calculated by the Company and explain any such deviation from the values listed in Exhibit CAM 5.
- 9) Please refer to the annual accumulated depreciation expense listed in column 8 of Exhibit CAM 5. Please confirm that the Company calculated the same annual accumulated depreciation expense for each year since 1942. If there is any deviation from the accumulated depreciation expenses listed in Exhibit CAM 5 for each year since 1942 and the annual accumulated depreciation expenses calculated by the Company, please provide the annual accumulated depreciation expenses calculated by the Company and explain any such deviation.
- 10) Please provide the annual depreciation expense for streetlights that was reported by the Company in your 1992 and 1995 cost of service studies that were used by the Company to support your streetlight rate filing in those years.
- 11) Please explain the basis for each of the nine adjustments shown in Exhibit CAM-3, column 5, p 1.
- 12) Please explain the nature of each of the transfers in 1957 and 1976 in Exhibit CAM-3, column 4, p 1.
- 13) Please provide a calculation of the unamortized investment of the streetlight plant in Cambridge using the method approved in DTE 98-89, as used by NSTAR to calculate the streetlight unamortized value in Lexington. Please present the DTE 98-89 calculation, prepared in response to this question for each year since 1942, with columns similar to the 11-column format used by Mr. Chernick in Exhibit CAM-5. Please explain any differences between the DTE 98-89 calculation prepared by the Company and the calculation demonstrated by Mr. Chernick in Exhibit CAM-5.
- 14) Please provide the calculation of the unamortized investment of the total streetlight plant in Cambridge using the method used by NSTAR in calculating the unamortized value of the total streetlight plant in Waltham, which occurred several months after the ruling in DTE 01-25. Please present that calculation in the same 11 column format used by Mr Chernick in Exhibit CAM 5. If the same method was used for both Lexington and Waltham, a statement to that effect would be responsive to this question.

Questions related to Exhibits NSTAR 1 and NSTAR 2

- 15) For each year since 1942, please provide for account 373 the year-end and average gross plant balance, the annual depreciation expense, the accumulated depreciation balance, and net plant.
- 16) Please provide Additions, Retirements, Transfers, Adjustment, and Balance by year from 1942 through September 30, 2004, consistent with the data used in Exhibit NSTAR-2.
- 17) Please provide the accumulated depreciation relating to streetlighting as recorded on the books from the Company's records, at year-end, for each year, 1941 to the present.
- 18) Please provide the end-of-the-year 2003 accumulated depreciation in Account 108, broken down by plant account and subaccount, or in as much detail as the Company records the data.
- 19) Please provide the DPU-approved depreciation rates that were applied to streetlighting equipment in each year, 1943 to the present (referred to in the Vaughan Affidavit, paragraph 12). If this is different from the depreciation rates listed in response to questions 7, please explain any such difference.
- 20) Please specify at what year, the Company started accounting for depreciation expense and accumulated depreciation on Account 373 separately from other plant accounts.
- 21) Please specify at what year, the Company started accounting for depreciation expense and accumulated depreciation separately for subaccounts within Account 373 (e.g., 632, 633, 634, 635, 636).
- 22) Please specify at what year the Company started to apply depreciation rates specific to streetlighting to determine streetlighting depreciation expense.
- 23) Please document the Company's calculation for the books in each of the years 1990-1994 of the accumulated depreciation relating to streetlighting (as described in the Vaughan Affidavit, paragraphs 12-14). Include data, assumptions and workpapers.
- 24) Please document the Company's calculation for the books in each of the years 1943-1947 (or the earliest five years for which such data are available) of the accumulated depreciation relating to streetlighting (as described in the Vaughan Affidavit, paragraphs 12-14). Include data, assumptions and workpapers.
- 25) Please provide the Company's calculation of the total streetlighting depreciation expense and change in total accumulated depreciation between

December 31, 2003 and September 30, 2004, as reflected in Exhibit NSTAR-2.

- 26) Separately for each line of Exhibit NSTAR-2, please provide the calculation of the depreciation expense and change in accumulated depreciation between December 31, 2003 and September 30, 2004.
- 27) Please provide the derivation of depreciation reserve for each line of Exhibit NSTAR-1, including assumptions, calculations, and workpapers.
- 28) Please provide the derivation of depreciation reserve for each line of Exhibit NSTAR-2, including assumptions, calculations, and workpapers.
- 29) Regarding the use of Iowa curves to determine accumulated depreciation (as stated in the Exhibit CAM-4, July 28, 2003 e-mail, page 2), please indicate whether this methodology is used to determine:
 - a) the depreciation rate,
 - b) the total accumulated depreciation for all plant in account 373 in Exhibits NSTAR-1 and NSTAR-2,
 - c) accumulated depreciation for each vintage separately for each line of Exhibits NSTAR-1 and NSTAR-2.
- 30) Please document in detail with supporting spreadsheets and workpapers how Iowa curves were used to determine accumulated depreciation (as stated in the Exhibit CAM-4, July 28, 2003 e-mail, page 2).
- 31) Regarding the \$1,907 of Additions in 1943 (in Exhibit CAM-3), please calculate accumulated depreciation as of the year-end 2003 under the following hypotheticals (identifying and making any additional assumptions necessary for these three calculations):
 - a) all 1943 equipment except the \$138.02 remaining in 2003 was retired in 1983
 - b) all 1943 equipment except the \$138.02 remaining in 2003 was retired in 1963
 - c) all 1943 equipment except the \$138.02 remaining in 2003 was retired in 1944.
- 32) For equipment of 1943 vintage only, please provide retirements and a calculation of accumulated depreciation, by year.
- 33) Please provide the depreciation rate assumed for 2004 in developing Exhibit NSTAR-2.

- 34) Please demonstrate that the depreciation reserve at year-end 2003 in total and for each line (that is, vintage and subaccount) of Exhibit NSTAR-1 is consistent with the Department's past approved depreciation rates for streetlighting, as stated in the Vaughan Affidavit, paragraph 12.
- 35) Comparing Exhibits NSTAR-1 and NSTAR-2, please demonstrate that the change between December 31, 2003 and September 30, 2004 in accumulated depreciation, in total and for each line (that is, vintage and subaccount) separately, is consistent with the Company's most recently approved depreciation rate for streetlighting, as stated in the Vaughan Affidavit, paragraph 13.
- 36) Regarding the equipment in 1944 Sub-Account 634-Street Lighting Underground Conductors, please
- a) Confirm that Exhibit NSTAR-2 does not reflect any retirements in 2004 of equipment in this sub-account and vintage.
 - i) If there were retirements, explain why there is no change in Cost from that in Exhibit NSTAR-1.
 - b) Confirm that the depreciation on this equipment after December 31, 2003 as of September 30, 2004 is the difference between net reserve in Exhibit NSTAR-2 and net reserve in Exhibit NSTAR-1 for this sub-account and vintage.
 - i) If not, provide the correct calculation.
 - c) Confirm that the depreciation on this equipment amounts to 5.3% over the nine months 12/31/03 to 9/30/04.
 - i) If not, provide the correct percentage and explain how it was calculated.
 - d) Confirm that the 5.3% depreciation over the nine months 12/31/03 to 9/30/04 amounts to a 7% annual rate.
 - i) If not, provide the correct percentage and explain how it was calculated.
 - e) Show how the 2004 Reserve for this equipment in Exhibit NSTAR-2 can be derived from the 2003 Reserve in Exhibit NSTAR-1 using the most recently approved Department-approved depreciation rate.
- 37) Regarding the equipment in 1996 Sub-Account 635-Municipal Posts, Fixtures and Luminaires, please
- a) Confirm that Exhibit NSTAR-2 does not reflect any retirements in 2004 of equipment in this sub-account and vintage.

- i) If there were retirements, explain why there is no change in Cost from that in Exhibit NSTAR-1.
 - b) Confirm that the depreciation on this equipment after December 31, 2003 as of September 30, 2004 is the difference between net reserve in Exhibit NSTAR-2 and net reserve in Exhibit NSTAR-1 for this sub-account and vintage.
 - i) If not, provide the correct calculation.
 - c) Confirm that the depreciation on this equipment amounts to 3.2% over the nine months 12/31/03 to 9/30/04.
 - i) If not, provide the correct percentage and explain how it was calculated.
 - d) Confirm that the 3.2% depreciation over the nine months 12/31/03 to 9/30/04 amounts to a 4.2% annual rate
 - i) If not, provide the correct percentage and explain how it was calculated.
 - e) Show how the 2004 Reserve for this equipment in Exhibit NSTAR-2 can be derived from the 2003 Reserve in Exhibit NSTAR-1 using the most recently approved Department-approved depreciation rate.
- 38) Regarding transfers to streetlighting accounts, please indicate whether the Exhibits NSTAR-1 and NSTAR-2 reflect the accumulated depreciation associated with those transfers.
- a) If so, explain how.
 - b) If not, explain why not.
- 39) Please indicate whether the Exhibits NSTAR-1 and NSTAR-2 reflect the accumulated depreciation associated with the 1976 adjustment of \$98,890 (shown in Exhibit CAM-3).
- a) If so, explain how.
 - b) If not, explain why not.
- 40) Please explain why the 2002 Cost in subaccount 634-Street Lighting Underground Conductors is negative (according to Exhibit NSTAR-1 and NSTAR-2).
- 41) Please indicate whether the accumulated depreciation associated with the 1942 Beginning Balance of \$376,009 (according to Exhibit CAM-3) is reflected in Exhibits NSTAR-1 and NSTAR-2.

- a) If so, explain how, with reference to the Exhibit NSTAR-1 and NSTAR-2 workpapers.
 - b) If not, explain why not.
- 42) Please provide the depreciation reserve associated with the 1942 Beginning Balance of \$376,009 as of December 31, 2003 and as of September 30, 2004.
- a) Include supporting workpapers.
- 43) Please provide the retirements by year of pre-1942 streetlighting additions still in-service after 1941.
- 44) Please specify the depreciation expense, retirements and all other cost factors that account for the change from Exhibit NSTAR-1 to Exhibit NSTAR-2 in the Cost and Reserve figures for:
- a) the 1971 Sub-Account 634-Street Lighting Underground Conductors,
 - b) the 1990 Sub-Account 635-Municipal Posts, Fixtures and Luminaires, and
 - c) the 1991 Sub-Account 632-Street Lighting Overhead Conductors.
- 45) Please explain the following differences in the Cost data in Exhibits NSTAR-1 and NSTAR-2:
- a) increase in the 2002 sub-account 635-Municipal Posts, Fixtures and Luminaires from \$25.06 to \$8,782.85,
 - b) increase in the total for all of Account 373 in 2002 from \$7,490.65 to \$10,563.59
 - c) increase in the 2003 sub-account 635-Municipal Posts, Fixtures and Luminaires from \$8,333.65 to \$16,058.74.